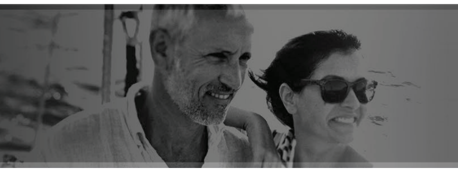
AIP
ASSET MANAGEMENT



AIP Convertible Private Debt Fund LP*
(Formally AIP Global Macro Fund LP)

AIP CONVERTIBLE PRIVATE DEBT FUND

Q4 2020 Commentary

The AIP Convertible Private Debt Fund LP ("The Fund") provides access to senior secured convertible loans to North American small cap companies, with a focus on generating superior risk-adjusted returns and capital protection. The Fund focuses on generating synergies and value for the borrower by assisting with growth planning, while the conversion feature allows for participation in equity appreciation.

The Fund's strategy works to capitalize on a lack of funding for publicly traded small and micro-cap companies in North America. With investors flocking to a passive investing strategy, companies that do not fit in to an index tend to be overlooked and trade at a significant discount to the rest of the market.

Our experience in the space and a lack of competition allows us to negotiate extremely favorable terms with borrowers. We typically negotiate significant equity participation, while having perfected senior security over Borrower's assets.

Performance as at December 31st, 2020 – Class A (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2020	0.76	0.55	0.97	0.96	1.49	0.27	0.72	2.32	1.33	1.10	0.53	2.05	**13.85**
2019	1.07	0.92	1.96	1.15	3.30	0.63	0.62	1.10	0.05	1.96	1.07	2.89	**18.15**
2018	5.41	-0.46	0.52	1.49	4.28	7.19	4.57	10.70	-0.34	-2.40	1.56	-6.41	**28.07**
2017	3.26	-0.41	0.53	0.64	1.36	-0.18	-2.88	-0.09	1.99	8.53	9.36	-1.99	**21.20**
2016	33.20	-0.60	1.90	3.60	-2.30	1.50	2.50	2.40	0.10	1.00	3.40	-3.82	**46.28**
2015	4.70	2.30	5.00	-1.50	0.80	2.30	2.50	3.60	4.20	3.60	0.80	34.12	**77.04**
2014	6.60	6.90	5.00	0.70	2.80	0.50	0.40	6.50	2.70	10.60	2.40	5.16	**62.81**

Source: AIP Management

The Fund returned +3.72% for Q4/2020 compared to +6.03% in Q4/2019. The Net Asset Value of the Fund is $59.6 million as of December 31st, 2020.

In 2020, the Fund returned 13.85%, with 88.17% of gross returns attributable to interest, fees, and other income. Given the black swan events in Q1/Q2 that disrupted much of the equity market, our focus has been on downside protection through the year. In our view, the senior secured private debt portion of the strategy has performed as expected – maintaining investor capital and providing the return floor that we expect through downward periods in the equity market.

Recent Activity

Through the year we have been focused on mitigating downside risk for our investors. We reduced equity exposure to reduce any downside capture, and increased our portfolio monitoring to ensure our debt investments were protected. Our borrowers continued to perform well, with no material defaults and all interest being paid.

Issuer 7, built on the successful negotiation of a $20 million contract to supply PPE to the Canadian market by expanding to international clients as well. With their original loan-term expiring in December 2020, this issuer indicated they plan to repay the principle balance in Q1/2021. Meanwhile, AIP continues to exit the position through shares to mitigate downside risk. This loan exit will provide the Fund with some additional liquidity to deploy in early 2021, while the remaining warrants will allow investors to participate in upside generated from the company's recent success.

Issuer 10, received financing from the International Development Finance Corporation in the United States and opted to repay the AIP credit facility in full. This exit is the culmination of a longstanding portfolio position in the Lithium mining industry.

Proceeds from these exits and the Fund's cash on hand is expected to be deployed in the first quarter of 2021. One large opportunity is with Issuer 11, wherein AIP has purchased notes for an additional USD 5mm, putting total fund exposure to CAD 6.4 million plus equity and warrants. An LOI has been executed for this company to acquire a private financial services company which would increase the issuer's revenue and unlock significant upside for AIP investors. We expect that this borrower will require additional capital in the near future to fund this transaction.

The most recent addition to the portfolio is a CAD $3 million credit facility to a Canadian based Natural Health Products company, Issuer 14, that is focused in the pain management space. The company completed its public listing in Q4 and the loan has been guaranteed by the Parent Co., which is publicly traded with a market cap of CAD $60 million plus. Our initial advance was CAD $2 million with a conversion feature which allowed the Fund to acquire units at a 20% discount to market price, where units consist of 1 common share and 1 warrant. We feel that this transaction has the potential to drive strong returns for the remainder of the year while mitigating downside risk through the facility's security package and coupon.

With the recent increase in investor interest and investment in our Fund, we are successful in deploying that capital effectively. We continue to see excellent opportunities in the market and will continue to raise capital to meet borrower demand.

Portfolio

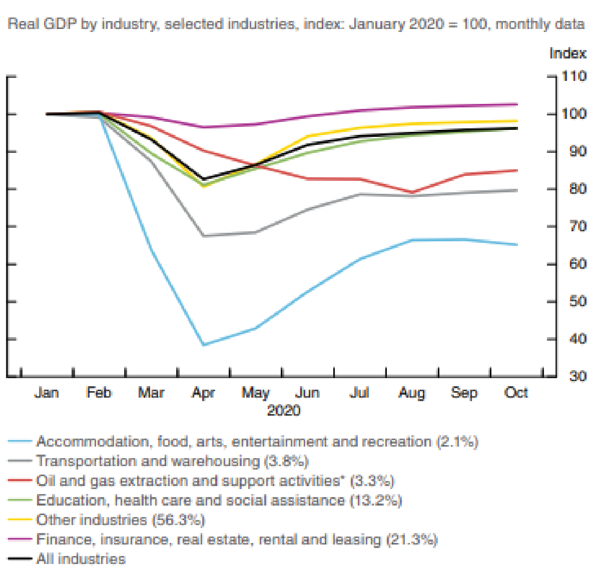
All portfolio positions continue to perform as expected and we have not had any material defaults, despite the difficult year for most industries. As of December 31st, there are six individual borrowers in the portfolio which are spread across the financial, healthcare, consumer discretionary, and information technology sectors throughout North America. All interest from all borrowers in the portfolio have been received to date and all loans are in good standing. We continue to actively monitor our portfolios as effects of the pandemic are felt globally.

In 2020 we reduced equity exposure from ~29% to 5% at the end of the year, this was a defensive measure taken to protect investor capital in an uncertain market environment. Going forward, we intend to capture additional alpha by converting parts of our in-the-money debt positions and would expect the average equity position in the portfolio to be near 15%.

A part of the expected increase in equity exposure will be a conversion to a large equity position in Issuer 13. We have secured regulatory approval and anticipate executing the conversion in Q1/2021.

Our credit underwriting remains disciplined as we look for companies with great economic prospects, temporarily hindered by this black swan event. We believe this strategy has a long-term focus and should be part of a long-term allocation to an investor's portfolio.

Outlook



Note: The numbers in parentheses represent the estimated nominal shares of total GDP by industry.
* Support activities include those for the mining industry.
Sources: Statistics Canada and Bank of Canada calculations Last observation: October 2020

The worst of the COVID-19 crisis looks to be behind us, and we believe that improving economic activity, low interest rates, and positive investor sentiment will benefit markets in 2021. The CDC is reporting an ensemble of 26 different forward looking models, and on aggregate they expect cases in the US to drop dramatically over the next 4 weeks[1]. According to the Bank of Canada Monetary Policy Report, there is an expected gradual recovery expected as vaccinations proceeds[2]. As businesses are allowed to reopen in the short to medium term and consumers move back into a sense of normalcy, we expect that there is investment opportunity in cyclical and growth sectors in 2021. With economic recovery and more pending fiscal stimulus acting as a tail wind, some sectors are poised to benefit more than others in the post-pandemic recovery.

Our deal pipeline is more than $83 million with over $17.5 million in executed term sheets for transactions in the near term. The Fund currently has over $17.7 million in cash ready to deploy, much of which is expected to fund deals in the coming weeks. We expect to continue to raise capital at the current pace to meet borrower demand.Given current market conditions, we have the leverage to dictate terms with new borrowers and choose industries that we feel are most attractive in this environment.

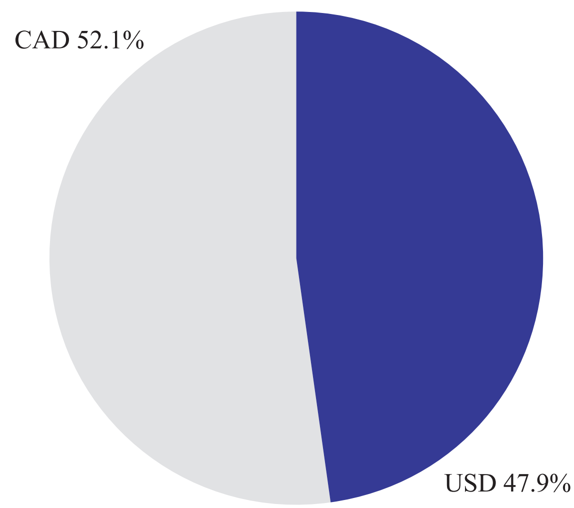
We expect equity markets to generate significant returns in 2021, giving the Fund an opportunity to allocate and convert aggressively to realize upside gains for our investors. The micro cap market continues to be under funded, with most lenders backing away during the COVID-19 crisis. The transactions that we invest in require extensive due diligence and underwriting, the coupon and participation in equity upside make this market an attractive point for new investment. This lack of competition gives us negotiating leverage and the informational advantage that we use to generate alpha.

Overview Exhibit A – Portfolio Overview as at December 31st, 2020

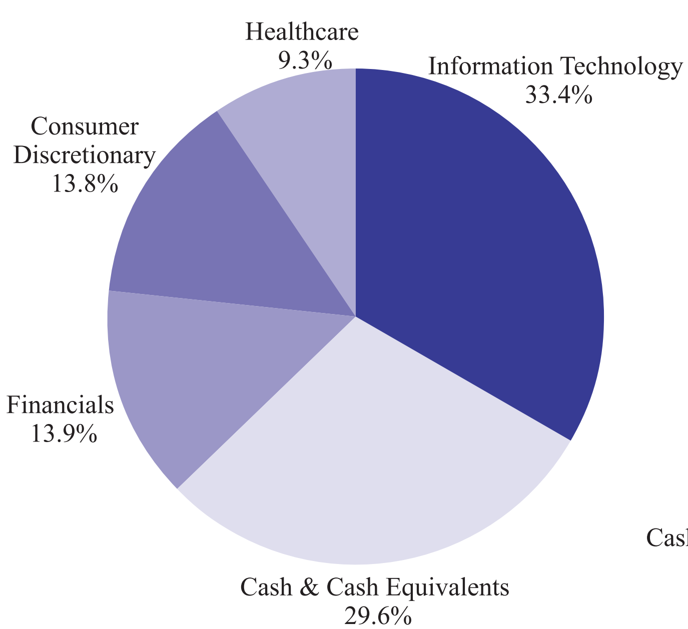
Key Statistics

Portfolio Summary	**Dec-31-2020**
Loan Amount Outstanding ($000)	$39,256
Cash Outstanding ($000)	$17,723
Net Working Capital ($000)	$(327)
Equity ($000)	$2,939
Other ($000)	$0
Portfolio Provision	$0
Weighted Average Loan Term (Months)	26.05
Weighted Average TTM (Months)	12.49
Weighted Average LTV	52%
Portfolio LTV	31%
Average Loan Outstanding ($000)	$3,569

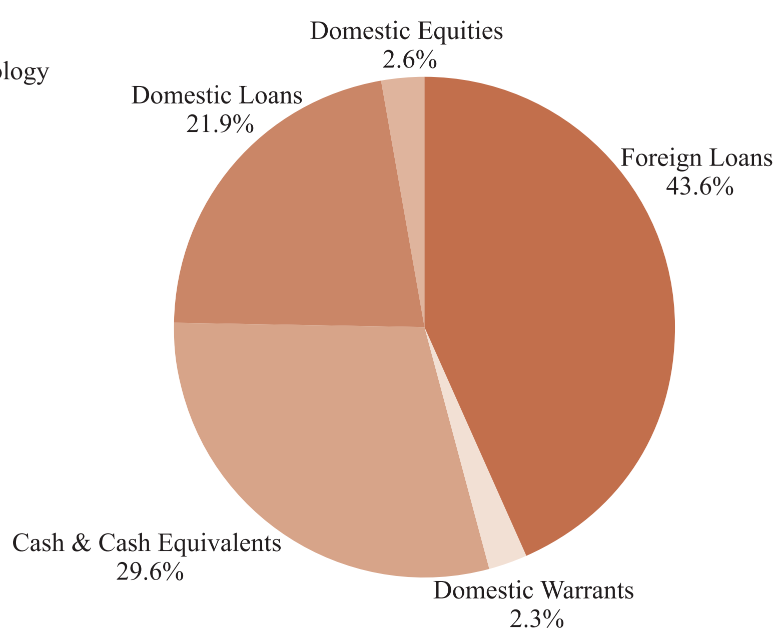
Currency Breakdown



Sector Breakdown



Asset Breakdown



Fund and AIP Developments

The Fund is considering and may propose to investors that they approve a change to the Fund's registration to that of an activist Fund. Currently registered as an Investment Fund, the AIP Convertible Debt Fund is subject to the Ontario Securities Act section 111 and therefore not permitted to hold more than a 20% interest in any portfolio company. This change would allow the Fund to acquire and hold a greater than 20% equity interest in portfolio companies, or to be active involved in the management of portfolio companies. The Fund's strategy is not expected to change, the focus being on convertible private debt. Occasionally, the best course of action for the Fund to protect its investments and enhance investor return is to convert debt in to an equity holding that would be greater than 20% of the portfolio company, or to be actively involved in the management of a portfolio company. This change will allow the Fund to do so and we believe it to be in the best interest of the investors of the Fund. We have published an FAQ and an investor circular outlining the impact of the changes and recommend that anyone interested in investing in the Fund review these documents.

The Fund began performing a quarterly 3rd party valuation on all loans in the portfolio as of December 31st. This will be on top of AIP's internal monthly monitoring of the portfolio positions and Ninepoint's oversight of our management. We feel this is an important step to take as the fund grows, stemming from AIP's goal of full transparency with current and future investors.

AIP was recently recognized at the 2020 Canadian Hedge Fund Awards, where the Fund took home five awards including three 1st place winners. The AIP Convertible Private Debt Fund LP was recognized as having **(i)** Best 3 Year Return **(ii)** Best 5 Year Return **(iii)** Best Sharpe Ratio among all funds in the Global Macro/Managed Futures/Multi-Strategy Category. We also placed second overall in the 1 Year Return and 5 Year Sharpe Ratio award categories.

Thank you for your investment and continued support through this difficult time, we are looking forward to continued success in the coming months. Stay safe.

Jay Bala
CEO and Senior Portfolio Manager
AIP Asset Management
Sub- Advisor to the AIP Convertible Private Debt Fund LP

References

[1]https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/forecasts-cases.html

[2]https://www.bankofcanada.ca/wp-content/uploads/2021/01/mpr-2021-01-20.pdf

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